

RECORDATION NO. 23396 FILED

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TS
SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

March 6, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Security Agreement, dated February 26, 2001, a primary document as defined in the Board's Rules for the Recordation of Documents.

The name and address of the party to the enclosed document are:

Debtor: GMCO Corporation
14156 Highway 82
Carbondale, CO 81623

[Secured Party: SAFECO Credit Company, Inc.]

A description of the railroad equipment covered by the enclosed document is:

20 tank railcars within the series TVAX (to be remarked RRBX) 14009 - 14175

Mr. Vernon A. Williams
March 6, 2001
Page Two

A short summary of the document to appear in the index follows:

Security Agreement between GMCO Corporation, Debtor, and
SAFECO Credit Company, Inc., Secured Party, covering 20 tank
railcars within the series TVAX (to be remarked RRBX) 14009 -
14175.

Also enclosed is a check in the amount of \$27.00 payable to the order of the
Surface Transportation Board covering the required recordation fee and cross-indexing fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anm
Enclosures



SECURITY AGREEMENT - EQUIPMENT OR FARM EQUIPMENT

RECORDATION NO. 23396 FILED

MAR 6 2001 Number: 01C62981M

Name and Address of Debtor:
GMCO Corporation
14156 Highway 82
Carbondale, Colorado 81623
Garfield County

Name and Address of Secured Party:
SAFECO Credit Company, Inc.
Denver Division
165 S Union Blvd #610
Lakewood, CO 80228-2212

SURFACE TRANSPORTATION BOARD

THE UNDERSIGNED **GMCO Corporation** ("Debtor") hereby grants to **SAFECO Credit Company, Inc.**, ("Secured Party"), a security interest in the following described property, together with all present and future attachments, accessories, additions, accessions, parts and supplies, and any replacements thereof, installed in, affixed to or used in connection with said property and all proceeds of said property:

Twenty (20) General American (GATX) 20,600 gallon Tank Rail Cars, Reporting Mark Numbers: TVAX14009/RRBX14009, TVAX14025/RRBX14025, TVAX14046/RRBX14046, TVAX14051/RRBX14051, TVAX14069/RRBX14069, TVAX14070/RRBX14070, TVAX14083/RRBX14083, TVAX14086/RRBX14086, TVAX14098/RRBX14098, TVAX14099/RRBX14099, TVAX14111/RRBX14111, TVAX14113/RRBX14113, TVAX14129/RRBX14129, TVAX14135/RRBX14135, TVAX14139/RRBX14139, TVAX14140/RRBX14140, TVAX14153/RRBX14153, TVAX14161/RRBX14161, TVAX14172/RRBX14172, TVAX14175/RRBX14175

This Agreement is given to secure the payment and performance of all indebtedness and obligations of Debtor to Secured Party presently existing or hereafter arising (including future advances), direct or indirect, primary or as guarantor or surety, absolute or contingent, liquidated or unliquidated, matured or unmatured, including without limitation, any obligation which Secured Party acquires by assignment, purchase or otherwise, with interest thereon together with any extension, modification, refinancing or renewal thereof.

DEBTOR HEREBY REPRESENTS, COVENANTS AND AGREES WITH SECURED PARTY AS FOLLOWS:

1. Use and Location of Property; Form of Debtor

Debtor agrees to comply with all applicable insurance policies and all federal, state and local laws relating to environmental protection, occupation health and safety or public health and safety which affect the use or operation of the property and will not waste, injure or destroy the property, or use or permit the use of the property in any unlawful manner. Debtor represents and agrees that the property will be used in Debtor's business (but not for sale or lease) and not for personal, family or household purposes.

The location of the property is **Garfield County, State of Colorado**. Debtor will not (i) change the location of the property, (ii) change Debtor's name, business structure, principal place of business or identity, nor (iii) use any new trade name or merge or consolidate with any other entity, without prior written notice to Secured Party.

2. Character of Property

The property is, and at all times will remain, personal property and Debtor will not permit the property to become an accession to other personal property or a fixture on real property so as to preclude its removal without material injury.

3. Perfection of Security Interest; Power of Attorney

Debtor will sign one or more financing statements and any other instruments reasonably requested by Secured Party to perfect the security interest created hereby and otherwise make it effective against third parties. Debtor makes, constitutes and appoints Secured Party and its designated agents as its true and lawful attorney-in-fact to execute and file on behalf of Debtor and in its name without the signature of Debtor, any financing statements reasonably necessary to perfect a security interest in the property described herein or otherwise make it effective against third parties. A carbon, photographic or other reproduction of this security agreement is sufficient as a financing statement, where permitted by law.

4. Ownership and Liens

Debtor has good and marketable title to the property and the property is free and clear of any security interest, lien or encumbrance of any kind except the security interest created hereby. Debtor will not create or permit the existence of any lien, encumbrance or security interest on the property other than that created hereby without the written consent of Secured Party. Any certificate of title now or hereafter existing on any of the property will be delivered to Secured Party and will recite the interest of Secured Party. Debtor, if an individual, is over 18 years of age.

5. Taxes and Assessments

Debtor will pay before delinquency all taxes, assessments or other governmental charges that are or may become a lien against the property and will pay any tax which may be levied on any obligation secured hereby.

6. Repairs and Inspection

Debtor will keep the property in good operating condition and repair. Secured Party may inspect the property at reasonable times and intervals and may for this purpose enter the premises upon which the property is located.

7. Insurance

Debtor will keep the property continuously insured by financially sound and reputable insurers against fire, theft and other hazards customarily insured against by companies in the same or similar business, in an amount equal to the full insurable value thereof but no less than all sums secured hereby, with such form of loss payable clause as designated by and in favor of Secured Party, and will deliver the policies and receipts showing payment of premiums to the Secured Party. Such policy shall provide that no act or default of any person other than Secured Party or its agent or those claiming under it shall render the policy void as to Secured Party or affect Secured Party's right to recover in case of loss on such property. In the event of loss, Secured Party shall have full power to collect any and all insurance upon the property and to apply the same at its option to any obligation secured hereby, whether or not matured, or to the restoration or repair of the property. Secured Party shall have no liability whatsoever for any loss that may occur by reason of the omission or lack of coverage of any such insurance.

8. Financial Statements

Debtor shall provide to Secured Party within 120 days after the end of each fiscal year of Debtor, a balance sheet of Debtor as of the end of such year and the related earnings statement, prepared on a consistent basis and fairly, accurately and completely stating the financial condition of Debtor as of the end of such year, and the results of its operations for the period covered; and upon Secured Party's request, quarterly or six-month interim statements within sixty days of the end of the period covered. Debtor represents and warrants to Secured Party that all the information is correct and complete.

9. Removal, Sale or Assignment

Without the prior written consent of Secured Party, Debtor will not remove the property from the state wherein it is located and Debtor will not sell, assign, lease, further encumber, or part with possession of or otherwise transfer the property or any interest therein. This Agreement and any instrument that it secures may be assigned by Secured Party at any time without notice to Debtor and without relieving Secured Party of its duties hereunder and Debtor agrees that it shall not assert any defense, offset, or counterclaim against any assignee of Secured Party's interest.

10. Expenses Incurred by Secured Party

Secured Party is not required to, but may at its option, pay any tax, assessment, insurance premium, expense, repair or other charges payable by Debtor, and any filing or recording fees, and any amount so paid, with interest thereon at the maximum rate permitted by law from date of payment until repaid shall be secured hereby and shall be repayable by Debtor on demand. The rights granted by this paragraph are not a waiver of any other rights of Secured Party arising from breach by Debtor of any of the terms and conditions of this Agreement.

11. Entire Agreement; Waivers

This Agreement and any schedules or exhibits incorporated herein is the entire Agreement between the parties and supersedes any prior agreements or understandings relating to the subject matter hereof. This Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions hereof shall be effective unless in writing signed by Secured Party. No waiver or indulgence by Secured Party as to any required performance or obligation of Debtor shall constitute a waiver as to any subsequent required performance or obligations of Debtor.

12. Default

Time is of the essence in this Agreement. Any of the following events shall be an Event of Default:

- (a) Any failure by Debtor to pay when due the full amount of any payment of principal, interest, taxes, insurance premiums or other charges which are or may be secured hereby; or
- (b) Any failure by Debtor to perform or observe any covenant, condition or agreement herein or any other agreement with Secured Party; or
- (c) The falsity of any representation by Debtor herein or in any credit application or financial statement given by Debtor to Secured Party as a basis for any extension of credit secured hereby; or
- (d) If the property should be seized or levied upon under any legal or governmental process against Debtor or against the property; or if there is a loss, substantial damage to or destruction of the property; or
- (e) If Debtor or any guarantor of Debtor's obligations becomes insolvent or is the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under the federal bankruptcy laws; or makes an assignment for the benefit of creditors; or if Debtor or any guarantor is named in or the property is subjected to a suit for the appointment of a receiver; or
- (f) If the Debtor fails to keep the property insured as required herein; or
- (g) Dissolution or liquidation of the Debtor; or
- (h) If any guarantor revokes or attempts to revoke its guaranty, or dies, or becomes the subject of insolvency proceedings; or
- (i) The Secured Party in good faith believes that the prospect of payment or performance of any of the secured obligations is impaired or in good faith believes the property is insecure.

13. Remedies

Upon the occurrence of any Event of Default:

- (a) Secured Party may cease advancing money or extending credit to or for the benefit of Debtor under any agreement between Debtor and Secured Party.
- (b) Secured Party may declare the entire unpaid indebtedness of Debtor secured hereby to be immediately due and payable, whereupon it shall become immediately due and payable without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by Debtor.
- (c) Secured Party may enter any premises of Debtor with or without judicial process and take possession of the property. Secured Party may remove the property or may remain on the premises for the purpose of collecting, preparing and disposing of the property, without any liability for rent or occupancy charges. Debtor shall, upon request from Secured Party, assemble the property and any records pertaining thereto and make them available at a place designated by Secured Party that is reasonably convenient to both parties.
- (d) Secured Party may sell the property at public or private sale and is not required to repurchase the property before selling it. Any requirement of reasonable notice of any disposition of the property shall be satisfied if such notice is sent to Debtor ten (10) days prior to such disposition at its address stated herein, unless another address is given to Secured Party in writing. Debtor will be credited with the net proceeds of such sale only when they are actually received by Secured Party, and Debtor shall continue to be liable for any deficiency remaining after the property is sold or otherwise disposed of.
- (e) Secured Party may dispose of the property in its existing condition or, at its election, may take such measures as it deems necessary or advisable to refurbish, repair, improve, process, finish, operate, demonstrate and prepare for sale the property and may store, ship, reclaim, recover, protect, advertise for sale or lease, and insure the property. All expenses reasonably incurred by Secured Party in the exercise of its rights and remedies in this Agreement or otherwise provided by law shall be payable by Debtor and shall be secured hereby.
- (f) If Secured Party disposes of the property, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

No remedy is exclusive of any other remedy but each is cumulative and in addition to every other remedy given under this Agreement or any other agreement between Debtor and Secured Party or existing at law or in equity.

14. Waiver of Jury Trial

Debtor unconditionally waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement, the obligations secured hereby, or any dealings between Debtor and Secured Party relating to this Agreement.

15. Miscellaneous

All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns and all obligations of Debtor shall bind the heirs, successors and assigns of Debtor. If there is more than one Debtor, their obligations shall be joint and several. Debtor agrees to pay all expenses, including reasonable attorney fees, incurred by Secured Party to exercise its rights and remedies under this Agreement or otherwise to preserve or defend the validity or enforceability of this Agreement or the security interest granted hereby.

GMCO Corporation

By: X

Richard K. Stephenson, President

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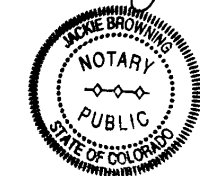
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SURFACE TRANSPORTATION BOARD

SUBSCRIBED AND SWORN TO Before me this 26th day of February, 2001.

Jackie Browning
Notary Public

My commission expires: 9-4-01



MY COMMISSION EXPIRES:
September 4, 2001